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# *Steel Products A/S*

Islandsvej 25, DK-8700 Horsens

## Annual Report for 1 July 2022 - 30 June 2023

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CVR No. 38 06 92 17

The Annual Report was  
presented and adopted  
at the Annual General  
Meeting of the  
company  
on 21/12 2023

Mogens Hørdum  
Sørensen  
Chairman of the  
general meeting



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# Management's statement

The Executive Board and Board of Directors have today considered and adopted the Consolidated Financial Statements and Parent Company Financial Statements of Steel Products A/S for the financial year 1 July 2022 - 30 June 2023.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 30 June 2023 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2022/23.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Consolidated Financial Statements and Parent Company Financial Statements be adopted at the Annual General Meeting.

Horsens, 21 December 2023

## Executive Board

Mikkel Kroglund Andersen  
CEO

## Board of Directors

Mogens Hørdum Sørensen  
Chairman

Mikkel Kroglund Andersen

Tine Valente

Angela Hørdum Valente

Emilie Hørdum Valente

# Independent Auditor's report

To the shareholder of Steel Products A/S

## Opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 30 June 2023 and of the results of the Group's and the Parent Company's operations and of consolidated cash flows for the financial year 1 July 2022 - 30 June 2023 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Steel Products A/S for the financial year 1 July 2022 - 30 June 2023, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("the Financial Statements").

## Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the Financial Statements" section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

## Management's responsibilities for the Financial Statements

Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

# Independent Auditor's report

## Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

# Independent Auditor's report

Aarhus C, 21 December 2023

**PricewaterhouseCoopers**  
Statsautoriseret Revisionspartnerselskab  
*CVR No 33 77 12 31*

Henrik Kragh  
State Authorised Public Accountant  
mne26783

Søren Stadel  
State Authorised Public Accountant  
mne47769

## Company information

<b>The Company</b>	Steel Products A/S Islandsvej 25 DK-8700 Horsens  CVR No: 38 06 92 17 Financial period: 1 July 2022 - 30 June 2023 Incorporated: 7 October 2016 Municipality of reg. office: Horsens
<b>Board of Directors</b>	Mogens Hørdum Sørensen, chairman Mikkel Kroglund Andersen Tine Valente Angela Hørdum Valente Emilie Hørdum Valente
<b>Executive Board</b>	Mikkel Kroglund Andersen
<b>Auditors</b>	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Jens Chr. Skous Vej 1 DK-8000 Aarhus C

# Financial Highlights

Seen over a 5-year period, the development of the Group is described by the following financial highlights:

	<b>Group</b>				
	2022/23	2021/22	2020/21	2019/20	2018/19
	TDKK	TDKK	TDKK	TDKK	TDKK
<b>Key figures</b>					
<b>Profit/loss</b>					
Revenue	695,661	672,551	537,692	447,447	545,226
Gross profit/loss	83,249	105,157	82,489	54,359	51,059
Profit/loss of ordinary primary operations	54,693	74,075	56,116	23,461	21,897
Profit/loss of financial income and expenses	-1,281	-940	-1,496	-1,297	-1,527
Net profit/loss	44,740	59,577	45,791	17,291	13,449
<b>Balance sheet</b>					
Balance sheet total	487,304	509,259	436,649	381,940	352,133
Investment in property, plant and equipment	10,693	10,514	5,256	10,793	13,552
Equity	245,356	200,730	141,266	133,881	120,697
Number of employees	313	309	286	331	364
<b>Ratios</b>					
Gross margin	12.0%	15.6%	15.3%	12.1%	9.4%
Profit margin	8.3%	11.4%	11.0%	5.3%	4.3%
Return on assets	11.8%	15.0%	13.5%	6.2%	6.7%
Solvency ratio	50.3%	39.4%	32.4%	35.1%	34.3%
Return on equity	20.1%	34.8%	33.3%	13.6%	11.8%



# Management review

## Principal activities

The Steel Products Group serves a wide range of international as well as national customers with counseling and strong product solutions. The Group's competence is complete solutions within deep drawing, pressing, cold forming and spinning for production of very complicated parts. The Group supplies, among others, to the following industries:

- Process equipment - food, juice, beer and soft drinks, pharmaceutical and chemical industrial equipment – e.g., pump, valve and component housing and fittings.
- Automotive – e.g., exhaust parts, engine parts, brake parts and vibration damping.
- Agricultural machinery - components – e.g., pulleys and parts for mobile hydraulics.
- Machine Industry.
- Marine & Offshore – e.g., tank measuring equipment, compressors.
- Energy – e.g., heat exchanger plates, components for wind turbines, components for solar energy systems, cooling and heat control, energy storage equipment.
- Electronics - components – e.g., parabolas, vacuum switches, frequency converter components.
- Consumer goods – e.g., thermostats, heat pumps, oil heaters, audio etc.

The Group continuously strives to be a technological leader in cold forming processes, and it is the Group's stated goal to manufacture products that ensure customers improved competitiveness.

## Development in activities and financial and economic position

The results of the financial year were satisfactory. Realized net sales for the year amounted to DKK 695,7 million. Profit for the year was a profit of DKK 44,7 million. against a profit of DKK 59,6 million. DKK last year. Equity amounts to DKK 245,4 million. DKK per June 30, 2023.

## Significant events after the end of the financial year

No events have occurred after the end of the financial year that could materially affect the company's financial position.

# Management review

## Special risks

### *Special risks*

The company's activities and results are affected by fluctuations in commodity prices.

### *Market risks*

Customer and market risks are assessed as limited due to the spread in customers and different market segments.

### *Currency risks*

Foreign trade means that earnings and cash flows are affected by exchange rate and interest rate trends for a few currencies. The company monitors developments in the foreign exchange market to assess whether special actions are required. At present, forward transactions are not used to hedge transactions in foreign currencies, as the Company's primary foreign currency is EUR. The company does not enter any speculative currency positions.

### *Interest rate risk*

The interest-bearing net debt represents a significant amount, which means that moderate changes in interest rates will have a direct effect on earnings.

## Research and development activities

These costs include streamlining production processes as well as developing prototypes in connection with customer projects. These costs are expensed as incurred.

## Knowledge resources

We continuously develop the skills of our employees.

## Future expectations

For the financial year 2023/24, management expects a turnover between 500 and 750 million DKK and profit to be between 15 and 60 million DKK.

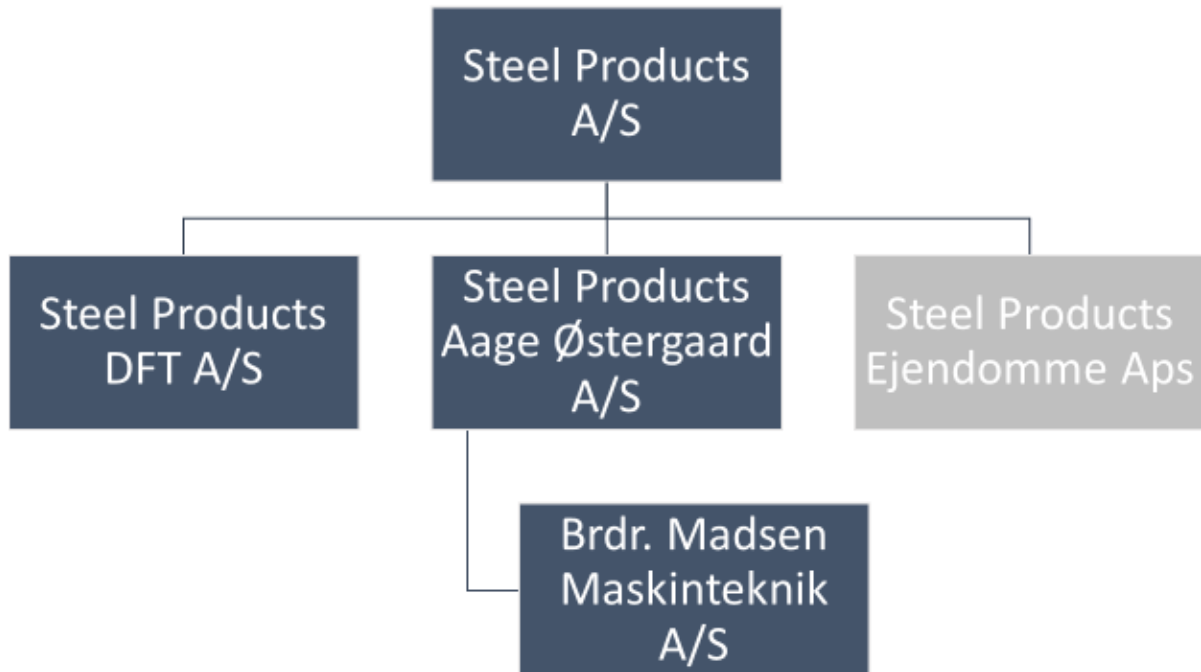
## Statement of corporate social responsibility

### **Business model**

Steel Products is an industrial group of subsidiaries, all of which work in metalworking, with exception of Steel Products Ejendomme, which deals exclusively with commercial property rental.

Steel Products consists of the following companies:

## Management review



*Companies in Steel Products Group.*

Steel Products purchases raw materials and components and uses subcontractors. To a large extent, suppliers from Denmark or countries close to them are used.

- Our behavior is largely guided by our values:
- “Best fit” must be a basic principle. It creates value for everyone that we always make the right choices in terms of processes, flow, and equipment so that they match the expectations of the customers.
- We know the importance of continuous innovative improvements and ensure this through employee involvement and close cooperation with customers.
- We invest in our employees and surroundings to ensure a modern and competent company.
- Our current and future competencies must ensure continuous development as well as make Steel Products an attractive workplace and business partner.
- We strive for an environment of innovative solutions, accountability, and quality on time.

# Management review

## CSR areas

Steel Products respects and has joined the UN Global Compact in all 10 areas of human rights, labor rights, the environment and anti-corruption. This is included in our CSR policy. Examples of this are also shown in the following CSR areas: Environment, working environment, social and human resources, human rights, anti-corruption, and bribery.

Steel Products also works to support the UN's global goals, specifically we focus on goals 4 and 12 on education and responsible production.

SP is a member of Horsens Alliance and recipient of the CSRpeople brand. This means that we commit ourselves to having a social commitment and helping to strengthen other people in their relationship with the labor market. We do this by hiring people who have challenges in finding and carrying out ordinary work. We have start-up programs to slowly train the ability to be part of a regular work function.

In addition, we employ people of other ethnic origins than Danish, to support a multicultural work environment.

## *Environment*

Steel Products works according to our environmental policy for sustainable production, where we continuously improve by reducing our impact on the environment, including consumption of resources.

At Steel Products, we have chosen to combine environmental conditions and climate impacts under the heading 'Environment', as our actions in energy, among other things, also influence the climate.

ISO14001: 2015 Environmental certification has been integrated at all Steel Products production sites since 2020.

Our cold forming processes provide a minimum of waste compared to manufacturing similar products with other manufacturing methods. This results in less waste, less consumption of raw materials and often a reduction in processing time. In doing so, we support the UN's World Goal 12.

## Management review

We are aware that our greatest risk in relation to the environment is an over-consumption of energy or water. We are therefore working to have an overview of our consumption, so that we can respond as quickly as possible if over-consumption occurs and optimize the use of energy. This supports the UN's World Goal 12.

### *Waste:*

Steel Products A/S's hard focus on waste reduction from production compared to revenue is one of our main drivers to ensure quality and reduction of waste.

Waste (metal) from production in % of revenue	2019/2020	2020/2021	2021/2022	2022/2023	Target 2023/24
Steel Products – Aage Østergaard A/S	1,20%	1,00%	0,70%	0,60%	<1,00 %
Steel Products – DFT Presswork A/S	0,90%	0,70%	0,80%	1,10%	<1,00 %

In 2022/2023, we have had a favorable development, partly from ordinary production and partly from new projects.

In Aage Østergaard, the material consumption of some of our existing production processes was optimized, corresponding to a reduction of raw materials of 100 tons.

### *Waste & material sorting:*

By involving employees in the importance of focusing on waste through Awareness courses, which not only deals with product quality, but also energy consumption, correct sorting of waste and metal for recycling, we have based on the motto "the more accurate sorting the better recycling", significantly improved our recycling.

### *SCIP, SCHC, Reach & ROHS:*

We are subject to strict requirements regarding the registration, use and disposal of ECHA selected problematic materials and chemical substances. Therefore, all additives are reported in databases so proper disposal is possible.

### *Conflict minerals:*

As a responsible supplier, we naturally support the European Trade Commission and comply with the guidelines from here. That is, we ensure that our products contain only minerals and metals from responsible and conflict-free sources.

## Management review

### *Carbon emissions & energy improvements:*

Supporting Net Zero strategy and reducing global warming by 1.5° Celsius is a key value for Steel Products A/S, therefore we have over the last 2 years, performed Scope 1 & 2 GHG Protocols, through Danish Business Authority (Klimakompaset).

This to insure continuously focus on reductions of energy and consumptions, which already has led to -20% & -6% reduction in Ton CO2 Emission per million Dkr. turnover from 2021/2022 to 2022/2023.

		2020/2021	2021/2022	2022/2023	Target 2023/24
Scope 1 & 2 (Ton Co2-e)	Steel Products – Aage Østergaard A/S	1025	1091	906	Net Zero - 2030
Scope 1 & 2 (Ton per Million Dkr. revenue)		2,85	2,28	1,88	<2,00
Scope 1 & 2 (Ton Co2-e)	Steel Products – DFT Presswork A/S	762,1	805,1	765	Net Zero - 2030
Scope 1 & 2 (Ton per Million Dkr. revenue)		4,36	4,1	3,63	<4,00
Scope 3 (Ton Co2-e)	Steel Products A/S	N/A	N/A		Net Zero - 2050

### *Working environment*

Steel Products policy provides the framework for a good and safe work environment, a working environment that ensures the safety and health of employees, as well as complying with legislation and binding obligations that deal with work environment.

Doing the reasoned years, we have reduced the number of accidents with absence, although there has been incidents, none have been fatal, every person has recovered.

Our goal, is and will always be 0 work accidents.

In 2022/2023, we will continue to work towards this goal. We do this by analyzing our accidents and near misses and telling all employees about the root causes so that together we can help to avoid accidents. In addition, we have ongoing focus areas.

## Management review

	2019/2020	2020/2021	2021/2022	2022/2023
Steel Products – Aage Østergaard A/S	12	11	8	5
Steel Products – DFT Presswork A/S	3	1	2	4

*Included are all occupational accidents that have resulted in absence of at least one working day.*

With our whistleblower scheme, we would like to emphasize to our employees that they always have the opportunity, without risk of their employment, to present whatever they find challenging in our company.

### *Social and personnel matters*

Our hourly workers are employed according to Industriens overenkomst.

We contribute to young people's education by continuously offering apprenticeships.

We contribute to lifting corporate social responsibility by continually offering tests to unemployed people and people with reduced ability to work.

We have been focusing on our sick leave and through discussions with our staff have helped them to a lower absence. Developments in recent years have been, which is not within our targets. A special effort will be conducted to get back on target.

Sick leave (excl. long term leave)	2019/2020	2020/2021	2021/2022	2022/2023	Target 2023/24
Steel Products – Aage Østergaard A/S	2,60%	2,10%	2,50%	3,20%	<3%
Steel Products – DFT Presswork A/S	4,10%	2,20%	2,99%	3,42%	<3%

*Included is all absence due to illness for less than 30 days. Measured in relation to total standard time.*

In relation to our employees, our greatest risk is that we may end up not having enough skilled workforce as tasks change as we progress. That is why we have chosen to focus on upgrading the skills of our employees through established Steel Products Academy.

### *Anti-corruption, and bribery (Code of Conduct)*

We have chosen to have a very detailed Code of Conduct to show our employees that we do not accept bribes and do not provide this. Most of our customers and suppliers we have had a year-long trusting collaboration with, and we have an ongoing dialogue about their business, with which the risk of corruption is assessed to be low.

For new partners, we focus on contractually incorporating obligations to comply with our Code of Conduct. It is our assessment that during 2022/2023 none of our partners have worked in violation of our Code of Conduct. We work towards implementing procedures that can help ensure focus on anti-corruption in a busy everyday life.

# Management review

## *Human rights*

As a responsible supplier, we naturally support the European Trade Commission and comply with the guidelines from here. This means that we ensure that our products only contain minerals and metals from responsible and conflict-free sources.

Steel Products sources raw materials and components itself and uses subcontractors. To a large extent, suppliers from Denmark or countries close to this are used. Most of our suppliers we have had a long-term trusting collaboration with, and we have an ongoing dialogue about their business, with which the risk of human rights violations is assessed to be low.

It is our assessment that in 2022/23 none of our subcontractors have violated the European Trade Commission's guidelines for conflict - free minerals. We are working towards implementing procedures that can help ensure focus on human rights in a busy day.

## **Statement of gender composition of management**

The Board of Directors of Steel Products currently consists of 5 people, 40% are men and 60% women, and are therefore considered to be equally distributed.

At Steel Products A/S, we strive to always have at least 1 of each gender seated on the board, to ensure diversity within the group.

The shareholders will be aware of the gender diversity in connection with the forthcoming constituencies of the board and will take this into account if the recruitment basis supports this. However, the main goal of election to the board of directors and management will always be to have the most suitable persons in 15 the individual positions.

To the extent that there are employee representatives on the boards of the companies under Steel Products A/S, we do not want to influence the employees' ability to precisely choose the representatives of the board that they find best, regardless of gender.

Steel Production is normally male dominated within blue collar jobs, Steel Products A/S does not differ from this. When in recruiting process we are very aware of potential recruiting of females to production.

White collar diversity is better and continuously improving.

	2019/2020	2020/2021	2021/2022	2022/2023	Target 2023/24
Blue Collar (% - Female/Male) Steel Products – Aage Østergaard A/S	12/88	14/86	15/85	13/87	>15/85
White Collar (% - Female/Male) Steel Products – Aage Østergaard A/S	26/74	29/71	31/69	29/71	>33/67
Blue Collar (% - Female/Male) Steel Products – DFT Presswork A/S	6/94	7/93	7/93	7/93	>8/92
White Collar (% - Female/Male) Steel Products – DFT Presswork A/S	30/70	32/68	33/67	36/64	>33/67



## Management review

<b>Diversity female &amp; male, Board Members</b>		2019/2020	2020/2021	2021/2022	2022/2023
Steel Products A/S	F: 75%	F: 75%	F: 75%	F: 75%	F: 75%
	M: 25%	M: 25%	M: 25%	M: 25%	M: 25%
Steel Products DFT A/S	F: 75 %	F: 75%	F: 75%	F: 75%	F: 75%
	M: 25%	M: 25%	M: 25%	M: 25%	M: 25%
Steel Products Aage Østergaard A/S	F: 57%	F: 57%	F: 57%	F: 57%	F: 57%
	M: 43%	M: 43%	M: 43%	M: 43%	M: 43%

Diversity is not only gender related, we are therefore proud that Steel Products A/S represent more than 10 nationalities.

### Statement on data ethics

As a result of the digital development, the Steel Products Group (SP) is increasingly using data to run its business. Data security, privacy and data ethics are all elements of a responsible data culture. Therefore, in the financial year 2022/23, SP has expanded our Code of Conduct to also include the most important elements from the Data Ethics Council's proposal for a data ethics policy. These elements of the Code of Conduct must ensure that we comply with applicable legislation and protect our data in accordance with good IT practice. In addition, we want to handle data with respect for people, always taking equality, dignity and freedom into account to ensure that SP actively promotes people's welfare and well-being in its data handling. The Code of Conduct has been made available on the SP Group's intranet.

## Income statement 1 July 2022 - 30 June 2023

	Note	Group		Parent company	
		2022/23	2021/22	2022/23	2021/22
		TDKK	TDKK	TDKK	TDKK
Revenue	1	695,661	672,551	0	0
Production expenses	2	-612,412	-567,394	0	0
<b>Gross profit</b>		<b>83,249</b>	<b>105,157</b>	<b>0</b>	<b>0</b>
Distribution expenses	2	-7,908	-7,225	0	0
Administrative expenses	2	-20,648	-23,857	-40	-30
<b>Operating profit/loss</b>		<b>54,693</b>	<b>74,075</b>	<b>-40</b>	<b>-30</b>
Other operating income		2,992	2,508	0	0
Other operating expenses		0	-19	0	0
<b>Profit/loss before financial income and expenses</b>		<b>57,685</b>	<b>76,564</b>	<b>-40</b>	<b>-30</b>
Income from investments in subsidiaries	3	0	0	44,488	59,295
Financial income	4	2,831	2,854	134	178
Financial expenses	5	-4,112	-3,794	-2	0
<b>Profit/loss before tax</b>		<b>56,404</b>	<b>75,624</b>	<b>44,580</b>	<b>59,443</b>
Tax on profit/loss for the year	6	-11,664	-16,047	-20	-33
<b>Net profit/loss for the year</b>	7	<b>44,740</b>	<b>59,577</b>	<b>44,560</b>	<b>59,410</b>

## Balance sheet 30 June 2023

### Assets

	Note	Group		Parent company	
		2022/23 TDKK	2021/22 TDKK	2022/23 TDKK	2021/22 TDKK
Land and buildings		92,628	97,861	0	0
Plant and machinery		43,707	43,867	0	0
Other fixtures and fittings, tools and equipment		214	287	0	0
Leasehold improvements		905	681	0	0
Property, plant and equipment in progress		3,371	1,900	0	0
<b>Property, plant and equipment</b>	<b>8</b>	<b>140,825</b>	<b>144,596</b>	<b>0</b>	<b>0</b>
Investments in subsidiaries	9	0	0	261,194	216,706
Other investments		0	3	0	0
<b>Fixed asset investments</b>		<b>0</b>	<b>3</b>	<b>261,194</b>	<b>216,706</b>
<b>Fixed assets</b>		<b>140,825</b>	<b>144,599</b>	<b>261,194</b>	<b>216,706</b>
<b>Inventories</b>	<b>11</b>	<b>189,738</b>	<b>209,202</b>	<b>0</b>	<b>0</b>
Trade receivables		114,355	106,540	0	0
Receivables from group enterprises		0	1,255	5,783	17,052
Other receivables		4,751	5,339	0	0
Corporation tax		0	21	0	0
Prepayments	12	1,668	1,452	0	0
<b>Receivables</b>		<b>120,774</b>	<b>114,607</b>	<b>5,783</b>	<b>17,052</b>
<b>Current asset investment</b>	<b>10</b>	<b>4</b>	<b>2</b>	<b>0</b>	<b>0</b>
<b>Cash at bank and in hand</b>		<b>35,963</b>	<b>40,849</b>	<b>45</b>	<b>0</b>
<b>Current assets</b>		<b>346,479</b>	<b>364,660</b>	<b>5,828</b>	<b>17,052</b>
<b>Assets</b>		<b>487,304</b>	<b>509,259</b>	<b>267,022</b>	<b>233,758</b>

# Balance sheet 30 June 2023

## Liabilities and equity

	Note	Group		Parent company	
		2022/23	2021/22	2022/23	2021/22
		TDKK	TDKK	TDKK	TDKK
Share capital		7,400	7,400	7,400	7,400
Revaluation reserve		25,961	27,046	0	0
Reserve for net revaluation under the equity method		0	0	182,515	138,027
Retained earnings		209,342	163,697	52,788	52,716
<b>Equity attributable to shareholders of the Parent Company</b>		<b>242,703</b>	<b>198,143</b>	<b>242,703</b>	<b>198,143</b>
Minority interests		2,653	2,587	0	0
<b>Equity</b>		<b>245,356</b>	<b>200,730</b>	<b>242,703</b>	<b>198,143</b>
Provision for deferred tax	13	20,086	21,512	0	0
Other provisions	14	6,843	6,843	0	0
<b>Provisions</b>		<b>26,929</b>	<b>28,355</b>	<b>0</b>	<b>0</b>
Mortgage loans		67,080	69,897	0	0
Lease obligations		527	742	0	0
Payables to group enterprises		10,500	10,500	0	0
Corporation tax		13,311	12,504	20	0
<b>Long-term debt</b>	15	<b>91,418</b>	<b>93,643</b>	<b>20</b>	<b>0</b>
Mortgage loans	15	3,177	3,813	0	0
Lease obligations	15	215	209	0	0
Prepayments received from customers		4,639	1,791	0	0
Trade payables		81,850	89,461	0	0
Payables to group enterprises	15	3,491	48,572	24,230	35,454
Corporation tax	15	4,197	10,291	33	130
Other payables		26,022	32,384	36	31
Deferred income	16	10	10	0	0
<b>Short-term debt</b>		<b>123,601</b>	<b>186,531</b>	<b>24,299</b>	<b>35,615</b>
<b>Debt</b>		<b>215,019</b>	<b>280,174</b>	<b>24,319</b>	<b>35,615</b>
<b>Liabilities and equity</b>		<b>487,304</b>	<b>509,259</b>	<b>267,022</b>	<b>233,758</b>

## Balance sheet 30 June 2023

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# Statement of changes in equity

## Group

	Share capital	Revaluation reserve	Retained earnings	Equity excl. minority interests	Minority interests	Total
	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 July	7,400	27,045	163,698	198,143	2,587	200,730
Other equity movements	0	0	0	0	-114	-114
Depreciation, amortisation and impairment for the year	0	-1,084	1,084	0	0	0
Net profit/loss for the year	0	0	44,560	44,560	180	44,740
<b>Equity at 30 June</b>	<b>7,400</b>	<b>25,961</b>	<b>209,342</b>	<b>242,703</b>	<b>2,653</b>	<b>245,356</b>

## Parent company

	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Equity excl. minority interests	Minority interests	Total
	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 July	7,400	138,027	52,716	198,143	0	198,143
Net profit/loss for the year	0	44,488	72	44,560	0	44,560
<b>Equity at 30 June</b>	<b>7,400</b>	<b>182,515</b>	<b>52,788</b>	<b>242,703</b>	<b>0</b>	<b>242,703</b>

## Cash flow statement 1 July 2022 - 30 June 2023

	Note	Group	
		2022/23	2021/22
		TDKK	TDKK
Result of the year		44,740	59,577
Adjustments	17	26,956	30,745
Change in working capital	18	2,151	-55,597
<b>Cash flow from operations before financial items</b>		<b>73,847</b>	<b>34,725</b>
Financial income		2,831	2,854
Financial expenses		-4,112	-3,794
<b>Cash flows from ordinary activities</b>		<b>72,566</b>	<b>33,785</b>
Corporation tax paid		-18,071	-1,023
<b>Cash flows from operating activities</b>		<b>54,495</b>	<b>32,762</b>
Purchase of property, plant and equipment		-10,694	-8,997
Fixed asset investments made etc		-1	0
Sale of property, plant and equipment		55	0
Sale of fixed asset investments made etc		4	0
Current asset investments made		0	-2
Sale of current asset investments		8	0
<b>Cash flows from investing activities</b>		<b>-10,628</b>	<b>-8,999</b>
Repayment of mortgage loans		-3,453	-4,302
Reduction of lease obligations		-209	-437
Repayment of payables to group enterprises		-45,081	-17,997
Dividend paid		0	-113
<b>Cash flows from financing activities</b>		<b>-48,743</b>	<b>-22,849</b>
<b>Change in cash and cash equivalents</b>		<b>-4,876</b>	<b>914</b>
Cash and cash equivalents at 1 July		40,849	39,935
<b>Cash and cash equivalents at 30 June</b>		<b>35,963</b>	<b>40,849</b>
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		35,963	40,849
<b>Cash and cash equivalents at 30 June</b>		<b>35,963</b>	<b>40,849</b>

# Notes to the Financial Statements

	Group		Parent company	
	2022/23	2021/22	2022/23	2021/22
	TDKK	TDKK	TDKK	TDKK
<b>1. Revenue</b>				
<b>Geographical segments</b>				
Revenue, Denmark	163,381	180,943	0	0
Revenue, exports	532,280	491,608	0	0
	<b>695,661</b>	<b>672,551</b>	<b>0</b>	<b>0</b>
	Group		Parent company	
	2022/23	2021/22	2022/23	2021/22
	TDKK	TDKK	TDKK	TDKK
<b>2. Staff</b>				
Wages and salaries	143,006	146,384	0	0
Pensions	11,441	10,892	0	0
Other social security expenses	2,332	2,151	0	0
Other staff expenses	5,875	6,060	0	0
	<b>162,654</b>	<b>165,487</b>	<b>0</b>	<b>0</b>
Wages and salaries, pensions, other social security expenses and other staff expenses are recognised in the following items:				
Production expenses	144,206	148,316	0	0
Distribution expenses	5,232	5,079	0	0
Administrative expenses	13,216	12,092	0	0
	<b>162,654</b>	<b>165,487</b>	<b>0</b>	<b>0</b>
Including remuneration to the Executive Board and Board of Directors	<b>2,449</b>	<b>2,121</b>		
Average number of employees	<b>313</b>	<b>309</b>	<b>0</b>	<b>0</b>



## Notes to the Financial Statements

<b>Parent company</b>	
<u>2022/23</u>	<u>2021/22</u>
TDKK	TDKK

### 3. Income from investments in subsidiaries

Income from investments in subsidiaries		<u>44,488</u>	<u>59,295</u>
		<b>44,488</b>	<b>59,295</b>

<b>Group</b>		<b>Parent company</b>	
<u>2022/23</u>	<u>2021/22</u>	<u>2022/23</u>	<u>2021/22</u>
TDKK	TDKK	TDKK	TDKK

### 4. Financial income

Interest received from group enterprises	0	0	134	178
Other financial income	<u>2,831</u>	<u>2,854</u>	<u>0</u>	<u>0</u>
	<b>2,831</b>	<b>2,854</b>	<b>134</b>	<b>178</b>

<b>Group</b>		<b>Parent company</b>	
<u>2022/23</u>	<u>2021/22</u>	<u>2022/23</u>	<u>2021/22</u>
TDKK	TDKK	TDKK	TDKK

### 5. Financial expenses

Interest paid to group enterprises	397	290	0	0
Other financial expenses	<u>3,715</u>	<u>3,504</u>	<u>2</u>	<u>0</u>
	<b>4,112</b>	<b>3,794</b>	<b>2</b>	<b>0</b>

## Notes to the Financial Statements

	<b>Group</b>		<b>Parent company</b>	
	<b>2022/23</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2021/22</b>
	<b>TDKK</b>	<b>TDKK</b>	<b>TDKK</b>	<b>TDKK</b>
<b>6. Income tax expense</b>				
Current tax for the year	13,091	14,223	20	33
Deferred tax for the year	-1,646	0	0	0
Adjustment of tax concerning previous years	0	139	0	0
Adjustment of deferred tax concerning previous years	219	1,685	0	0
	<b>11,664</b>	<b>16,047</b>	<b>20</b>	<b>33</b>

	<b>Group</b>		<b>Parent company</b>	
	<b>2022/23</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2021/22</b>
	<b>TDKK</b>	<b>TDKK</b>	<b>TDKK</b>	<b>TDKK</b>
<b>7. Profit allocation</b>				
Proposed dividend for the year	0	0	0	59,295
Reserve for net revaluation under the equity method	0	0	44,488	0
Minority interests' share of net profit/loss of subsidiaries	180	167	0	0
Retained earnings	44,560	59,410	72	115
	<b>44,740</b>	<b>59,577</b>	<b>44,560</b>	<b>59,410</b>

# Notes to the Financial Statements

## 8. Property, plant and equipment

### Group

	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Leasehold improvements	Property, plant and equipment in progress
	TDKK	TDKK	TDKK	TDKK	TDKK
Cost at 1 July	148,195	440,818	3,313	700	1,900
Additions for the year	93	8,664	61	405	1,471
Disposals for the year	0	-590	0	0	0
Cost at 30 June	148,288	448,892	3,374	1,105	3,371
Revaluations at 1 July	44,488	0	0	0	0
Revaluations at 30 June	44,488	0	0	0	0
Impairment losses and depreciation at 1 July	94,822	396,951	3,026	19	0
Depreciation for the year	5,326	8,627	134	181	0
Reversal of impairment and depreciation of sold assets	0	-393	0	0	0
Impairment losses and depreciation at 30 June	100,148	405,185	3,160	200	0
<b>Carrying amount at 30 June</b>	<b>92,628</b>	<b>43,707</b>	<b>214</b>	<b>905</b>	<b>3,371</b>

## Notes to the Financial Statements

	<u>Parent company</u>	
	<u>2022/23</u>	<u>2021/22</u>
	TDKK	TDKK
<b>9. Investments in subsidiaries</b>		
Cost at 1 July	78,679	78,679
Cost at 30 June	<u>78,679</u>	<u>78,679</u>
Value adjustments at 1 July	138,027	78,732
Net profit/loss for the year	44,488	59,019
Other equity movements, net	<u>0</u>	<u>276</u>
Value adjustments at 30 June	<u>182,515</u>	<u>138,027</u>
<b>Carrying amount at 30 June</b>	<b><u>261,194</u></b>	<b><u>216,706</u></b>

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Ownership
Steel Products DFT A/S	Sønderborg	100%
Steel Products Ejendomme ApS	Horsens	100%
Steel Products Aage Østergaard A/S	Horsens	100%
Brdr. Madsen Maskinteknik A/S	Horsens	60%

## 10. Fair values

Group	Value adjustment, income statement	Fair value at 30. June
	<u>TDKK</u>	<u>TDKK</u>
	Securities	2

## Notes to the Financial Statements

	Group		Parent company	
	2022/23	2021/22	2022/23	2021/22
	TDKK	TDKK	TDKK	TDKK

### 11. Inventories

Raw materials and consumables	58,506	83,352	0	0
Work in progress	79,892	85,935	0	0
Finished goods and goods for resale	51,340	39,915	0	0
	<b>189,738</b>	<b>209,202</b>	<b>0</b>	<b>0</b>

### 12. Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

	Group		Parent company	
	2022/23	2021/22	2022/23	2021/22
	TDKK	TDKK	TDKK	TDKK

### 13. Provision for deferred tax

Deferred tax liabilities at 1 July	21,512	19,827	0	0
Adjustment of deferred tax from previous years	219	0	0	0
Amounts recognised in the income statement for the year	-1,646	1,685	0	0
<b>Deferred tax liabilities at 30 June</b>	<b>20,086</b>	<b>21,512</b>	<b>0</b>	<b>0</b>

The provision for deferred tax is related to differences between the carrying amount and tax value of receivables, inventories and tangible fixed assets, including recognised finance lease contracts.

### 14. Other provisions

Other provisions relate to warranty costs on goods sold. Provisions are assessed annually and based on historical data.

	Group		Parent company	
	2022/23	2021/22	2022/23	2021/22
	TDKK	TDKK	TDKK	TDKK
Other provisions	6,843	6,843	0	0
	<b>6,843</b>	<b>6,843</b>	<b>0</b>	<b>0</b>

## Notes to the Financial Statements

The provisions are expected to mature as follows:

Provisions falling due after 5 years	0	0	0	0
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### 15. Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	Group		Parent company	
	2022/23	2021/22	2022/23	2021/22
	TDKK	TDKK	TDKK	TDKK
<b>Mortgage loans</b>				
After 5 years	51,209	55,267	0	0
Between 1 and 5 years	15,871	14,630	0	0
Long-term part	67,080	69,897	0	0
Within 1 year	3,177	3,813	0	0
	<b>70,257</b>	<b>73,710</b>	<b>0</b>	<b>0</b>
<b>Lease obligations</b>				
After 5 years	0	0	0	0
Between 1 and 5 years	527	742	0	0
Long-term part	527	742	0	0
Within 1 year	215	209	0	0
	<b>742</b>	<b>951</b>	<b>0</b>	<b>0</b>
<b>Payables to group enterprises</b>				
After 5 years	0	0	0	0
Between 1 and 5 years	10,500	10,500	0	0
Long-term part	10,500	10,500	0	0
Within 1 year	0	0	0	0
Other short-term debt to group enterprises	3,491	48,572	24,230	35,454
Short-term part	3,491	48,572	24,230	35,454
	<b>13,991</b>	<b>59,072</b>	<b>24,230</b>	<b>35,454</b>

## Notes to the Financial Statements

### Corporation tax

After 5 years	0	0	0	0
Between 1 and 5 years	13,311	12,504	20	0
Long-term part	13,311	12,504	20	0
Within 1 year	4,197	10,291	33	130
	<b>17,508</b>	<b>22,795</b>	<b>53</b>	<b>130</b>

### 16. Deferred income

Deferred income consists of payments received in respect of income in subsequent years.

Group	
2022/23	2021/22
TDKK	TDKK

### 17. Cash flow statement - Adjustments

Financial income	-2,831	-2,854
Financial expenses	4,112	3,794
Depreciation, amortisation and impairment losses, including losses and gains on sales	14,011	13,758
Tax on profit/loss for the year	11,664	16,047
	<b>26,956</b>	<b>30,745</b>

Group	
2022/23	2021/22
TDKK	TDKK

### 18. Cash flow statement - Change in working capital

Change in inventories	19,464	-71,017
Change in receivables	-6,188	-5,417
Change in trade payables, etc	-11,125	20,837
	<b>2,151</b>	<b>-55,597</b>

## Notes to the Financial Statements

Group		Parent company	
2022/23	2021/22	2022/23	2021/22
TDKK	TDKK	TDKK	TDKK

### 19. Contingent assets, liabilities and other financial obligations

#### Charges and security

The following assets have been placed as security with mortgage credit institutes:

Land and buildings with a carrying amount of	92,628	97,861	0	0
Plant and machinery with a carrying amount of	43,707	43,867	0	0

The Group's production plants and machinery of DKK ('000) 43.868 may with exception of cars be included in the mortgage on properties in compliance with the rules on security for fittings.

The group has issued owner's mortgage of DKK ('000) 12.900 which leads to a mortgage on specific production plants and machinery. The owner's mortgage is in the possession of the group.

The following assets have been placed as security with bankers:

Receivables from sales	114,355	106,540	0	0
Extensive operating fixtures and equipment	43,921	34,257	0	0
Inventories	192,939	209,202	0	0

#### Rental and lease obligations

Lease obligations, period of non-terminability 30 months	7,986	4,812	0	0
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#### Other contingent liabilities

The company is included in a Danish joint taxation with Kirkehøjgaard ApS, which is the management company. The company is therefore liable in accordance with the rules of the Corporation Tax Act for income taxes etc. for the jointly taxed companies. The group's companies are also jointly and severally liable for Danish withholding taxes in the form of dividend tax, royalty tax and interest tax. Any subsequent corrections to corporation tax and withholding tax may result in the company's liability amounting to a larger amount



# Notes to the Financial Statements

## 20. Related parties and disclosure of consolidated financial statements

	<u>Basis</u>
<b>Controlling interest</b> Kirkehøjgaard ApS, 8700 Horsens	Parent Company

### Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act.

### Consolidated Financial Statements

The company is enclosed in the consolidated financial statements for the parent company:

<u>Name</u>	<u>Place of registered office</u>
Kirkehøjgaard ApS, CVR no. 25372808	Horsens

The consolidated financial statements can be requested at [cvr.dk](http://cvr.dk).

## 21. Fee to auditors appointed at the general meeting

With reference to the Danish Financial Statements Act §96 subsection 3, we refer to the above consolidated financial statements for Kirkehøjgaard ApS.

# Notes to the Financial Statements

## 22. Accounting policies

The Annual Report of Steel Products A/S for 2022/23 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

With regards to the true and fair view of the financial statements, certain reclassifications have been made in the balance sheet and notes. Comparative figures have been adjusted accordingly.

The accounting policies applied remain unchanged from last year.

The Consolidated Financial Statements and the Parent Company Financial Statements for 2022/23 are presented in TDKK.

### Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

### Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, Steel Products A/S, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

The Parent Company's investments in the consolidated subsidiaries are set off against the Parent Company's share of the net asset value of subsidiaries stated at the time of consolidation.

### Business combinations

#### *Business acquisitions carried through on or after 1 July 2018*

Acquisitions of subsidiaries are accounted for using the purchase method under which the identifiable assets and liabilities of the entity acquired are measured at fair value at the time of acquisition. Acquired contingent liabilities are recognised at fair value in the Consolidated Financial Statements to the extent that the value can be measured reliably.

The time of acquisition is the time when the Group obtains control of the entity acquired.

The cost of the entity acquired is the fair value of the consideration agreed, including consideration contingent on future events. Transaction costs directly attributable to the acquisition of subsidiaries are recognised in the income statement as incurred.

# Notes to the Financial Statements

## ***Business acquisitions carried through before 1 July 2018***

### ***Uniting of interests***

Intragroup business combinations are accounted for under the uniting-of-interests method. Under this method, the two enterprises are combined at carrying amounts, and no differences are identified. Any consideration which exceeds the carrying amount of the acquired enterprise is recognised directly in equity. The uniting-of-interests method is applied at the date of acquisition, and comparative figures have not been restated.

### **Minority interests**

Minority interests form part of the Group's total equity. Upon distribution of net profit, net profit is broken down on the share attributable to minority interests and the share attributable to the shareholders of the Parent Company. Minority interests are recognised on the basis of a remeasurement of acquired assets and liabilities to fair value at the time of acquisition of subsidiaries.

## ***Business acquisitions carried through on or after 1 July 2018***

Minority interests are initially measured at their proportionate share of the fair value of the acquired entity's identifiable net assets. In this way, only goodwill related to the Parent Company's share of the entity acquired is recognised.

On subsequent changes to minority interests where the Group retains control of the subsidiary, the consideration is recognised directly in equity.

### **Leases**

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an alternative borrowing rate as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Group.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

### **Translation policies**

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

# Notes to the Financial Statements

## Income statement

### Net sales

Information is provided on geographical markets. The segment information is provided in consideration of the group's accounting policies, risks and management control. The company only operates within one business segment.

Segment assets comprise assets that are used directly in the segment's revenue-producing activities.

Segment liabilities comprise liabilities resulting from the segment's operations, including trade payables and other payables.

### Production expenses

Production expenses comprises costs incurred to achieve revenue for the year. Cost comprises raw materials, consumables, direct labour costs and indirect production costs such as maintenance and depreciation, etc, as well as operation, administration and management of factories.

### Distribution expenses

Distribution expenses comprise costs in the form of salaries to sales and distribution staff, advertising and marketing expenses as well as operation of motor vehicles, depreciation, etc.

### Administrative expenses

Administrative expenses comprise expenses for Management, administrative staff, office expenses, depreciation, etc.

### Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Group, including gains and losses on the sale of intangible assets and property, plant and equipment.

### Income from investments in subsidiaries

The item "Income from investments in subsidiaries" in the income statement includes the proportionate share of the profit for the year.

### Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

### Tax on profit/loss for the year

Tax for the year consists of current tax for the year and deferred tax for the year. The tax attributable to the profit for year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with wholly owned Danish subsidiaries. The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

# Notes to the Financial Statements

## Balance sheet

### Property, plant and equipment

On acquisition land and buildings are measured at cost comprising the acquisition price and costs of acquisition. The cost of own constructed properties comprises the acquisition price and expenses directly related to the acquisition, including costs of acquisition and indirect expenses for labour, materials, components and suppliers up until the time when the asset is ready for use.

After the initial recognition land and buildings are measured at fair value with revaluation through equity. The total revaluation of land and buildings is transferred to a "revaluation reserve" under equity after tax. The reserve is reduced with annual depreciations after tax and adjusted with effect of revaluation after tax.

Fair value is the amount for which the property could be exchanged between knowledgeable, willing parties in an arm's length transaction on the balance sheet date. The determination of fair value involves material accounting estimates. The estimates applied are based on historical information and assumptions considered reasonable by Management but which are inherently uncertain and unpredictable. Actual events or circumstances will probably differ from the assumptions made in the calculations as often assumed events do not occur as expected. Such difference may be material.

Plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost added revaluations and reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Production buildings	15-50 years
Plant and machinery	3-15 years
Other fixtures and fittings, tools and equipment	3-5 years

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

### Impairment of fixed assets

The carrying amounts of property, plant and equipment and investments are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by depreciation.

If so, the asset is written down to its lower recoverable amount.

### Investments in subsidiaries

Investments in subsidiaries are recognised and measured under the equity method.

The item "Investments in subsidiaries" in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to "Reserve for net revaluation under the equity method" under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries.

# Notes to the Financial Statements

Subsidiaries with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

## Fixed asset investments

Fixed asset investments, which consist of listed bonds and shares, are measured at their fair values at the balance sheet date. Fair value is determined on the basis of the latest quoted market price.

Investments which are not traded in an active market are measured at the lower of cost and recoverable amount.

## Inventories

Inventories are measured at the lower of cost under the FIFO method and net realisable value.

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses and costs of completion. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale, raw materials and consumables equals landed cost.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour with addition of indirect production costs. Indirect production costs comprise the cost of indirect materials and labour as well as maintenance and depreciation of the machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management.

## Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

## Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

## Current Asset Investments

Current Asset Investments, which consist of listed bonds and shares, are measured at their fair values at the balance sheet date. Fair value is determined on the basis of the latest quoted market price.

## Provisions

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Group has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

Other provisions comprise warranty commitments which include expenses for remedial action within the warranty period of 1-5 years. Provisions for warranty commitments are measured and recognised based on experience gained from guarantee work. Provisions with an expected maturity of more than one year from the balance sheet date are discounted using a rate that reflects the risk and maturity of the liability.

## Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

# Notes to the Financial Statements

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

## Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

## Financial debts

Loans, such as mortgage loans, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Mortgage loans are measured at amortised cost, which for cash loans corresponds to the remaining loan. Amortised cost of debenture loans corresponds to the remaining loan calculated as the underlying cash value of the loan at the date of raising the loan adjusted for depreciation of the price adjustment of the loan made over the term of the loan at the date of raising the loan.

Other debts are measured at amortised cost, substantially corresponding to nominal value.

## Deferred income

Deferred income comprises payments received in respect of income in subsequent years.

## Cash Flow Statement

The cash flow statement shows the Group's cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Group's cash and cash equivalents at the beginning and end of the year.

### Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

### Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

### Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

### Cash and cash equivalents

Cash and cash equivalents comprise "Cash at bank and in hand".

# Notes to the Financial Statements

The cash flow statement cannot be immediately derived from the published financial records.

## Financial Highlights

### Explanation of financial ratios

Gross margin	$\text{Gross profit} \times 100 / \text{Revenue}$
Profit margin	$\text{Profit before financials} \times 100 / \text{Revenue}$
Return on assets	$\text{Profit before financials} \times 100 / \text{Total assets at year end}$
Solvency ratio	$\text{Equity at year end} \times 100 / \text{Total assets at year end}$
Return on equity	$\text{Net profit for the year} \times 100 / \text{Average equity}$